

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 DRC-01 CIAE-00 PM-07 H-03 INR-10 L-03

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USSS-00 INRE-00 CCO-00 OMB-01 AID-20 /180 W

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R 020555Z NOV 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 5001

INFO AMEMBASSY AMMAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEL AVIV

DIA WASHDC

USUN NEW YORK 2500

USCINCUEUR

USINT BAGHDAD

C O N F I D E N T I A L BEIRUT 12674

DEPARTMENT PASS USINT CAIRO

E.O. 11652: GDS

TAGS: PINT SY

SUBJECT: SIGNS OF POLITICAL-ECONOMIC STABILITY IN SYRIAN REGIME

REF: BEIRUT 12450; TEL AVIV 8827

SUMMARY: SARG APPEARS HOLDING FIRM UNDER ASSAD'S LEADERSHIP, ALTHOUGH THERE SOME SIGNS OF PUBLIC UNHAPPINESS RE ACCEPTANCE OF CEASE-FIRE. SYRIAN OFFICIAL STATEMENTS, WHICH COMBINE WILLINGNESS SEEK POLITICAL SETTLEMENT WITH ACCEPTANCE OF "PEACE TALKS" (WHILE REJECTING DIRECT, BILATERAL NEGOTIATIONS WITH ISRAEL), INDICATE SARG PREPARED RESUME HOSTILITIES IF SETTLEMENT PROCESS BOGS DOWN. DESPITE HEAVY DAMAGE TO SYRIAN
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ECONOMIC INFRASTRUCTURE, MORALE REMAINS HIGH AND RECON-

STRUCTION ALREADY UNDERWAY. WE BELIEVE ASSAD IS STRONG ENOUGH TO TAKE SARG INTO PEACE TALKS BUT WILL HAVE TO OBTAIN VISIBLE PROGRESS WITHIN SEVERAL MONTHS IN ORDER (A) REMAIN IN POWER, OR (B) AVOID RENEWAL OF HOSTILITIES. END SUMMARY.

1. BASED ON TALKS WITH SEVERAL RELIABLE AMERICAN, FRENCH AND LEBANESE JOURNALISTS AND OTHER OBSERVERS RECENTLY RETURNED FROM DAMASCUS, AS WELL AS PUBLIC STATEMENTS BY SARG OFFICIALS, IT APPEARS THAT SARG HOLDING FIRM UNDER ASSAD LEADERSHIP AND PREPARED PARTICIPATE IN PEACE TALKS ON BASIS SC RES 338. MORALE OF CIVILIAN POPULATION HIGH THROUGHOUT WAR AND REMAINS GOOD, ALTHOUGH THERE SOME UNHAPPINESS AMONG CIVILIANS AND MILITARY ABOUT ACCEPTANCE OF CEASE-FIRE. FEDAYEEN AND IRAQI PRESSURE ON SYRIA FOR HAVING ACCEPTED CEASE-FIRE HAS BEEN GREATLY REDUCED. MOST SYRIAN POLITICAL EXILES, TRADITIONAL OPPONENTS OF ASSAD, HAVE DECIDED SHELVE THEIR DIFFERENCES AND OPPOSITION TO HIM IN ORDER GIVE HIM OPPORTUNITY REACH PEACEFUL SETTLEMENT. GENERAL AGREEMENT OF INFORMED OBSERVERS IS THAT ASSAD STRONG ENOUGH TO TAKE SYRIA INTO PEACE TALKS BUT WILL HAVE TO OBTAIN SOME HIGHLY VISIBLE SIGNS OF PROGRESS WITHIN COUPLE OF MONTHS IF HE IS TO BE ABLE TO CONTINUE TALKS WITHOUT LOSING HIS POSITION AS PRESIDENT.

2. ASSAD'S OCT 29 SPEECH WAS OF PARTICULAR INTEREST BECAUSE HE ASSOCIATED HIMSELF SO EXPLICITLY WITH EGYPT AND SADAT IN WILLINGNESS SEEK POLITICAL SETTLEMENT, DESPITE ACKNOWLEDGED POPULAR SENTIMENT AGAINST CEASE-FIRE AND FACT THAT EGYPT AND USSR HAD NOT NOTIFIED HIM IN ADVANCE OF THEIR ACCEPTANCE CEASE-FIRE AND SC RES 338. ASSAD'S SPEECH AND OTHER SYRIAN OFFICIAL STATEMENTS SAY SARG IS ADOPTING ITS INTERPRETION OF SC RES 338 (AND 242) AS BASIS FOR PARTICIPATION IN PEACE TALKS, AND CLAIM THAT THERE CAN BE NO QUESTION OF NEGOTIATING AWAY SARG POSITION. (NOTE: SYRIAN PUBLIC POSITION THU APPEARS AS NEAT BIT OF BALANCING IN ACCEPTING "PEACE TALKS" BUT REFUSING "NEGOTIATIONS".) IF PEACE TALKS FAIL, THEN SARG READY RESUME FIGHT. SARG ALSO INDICATING THAT WHILE IT PREPARED ACCEPT UN OBSERVERS, AND APPARENTLY WOULD NOT BE OPPOSED

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TO INCREASING THEIR NUMBER AND PREPARED SEE GOLAN DEMILITARIZED, IT UNWILLING ACCEPT UN PEACE FORCE. SYRIANS APPEAR HAVE POLITICAL PROBLEM WITH IMAGERY OF UNEF-TYPE OPERATION, PERHAPS DUE TO FACT THAT DURING 1956-67 PERIOD UNEF ONLY EXISTED IN EGYPT. IN PAST (1948 AND 1956), SYRIANS HAVE SAID THEY WOULD ACCEPT UN FORCES IF THEY ALSO ON ISRAELI SIDE OF BORDER.

3. IN ECONOMIC FIELD, ALSO, THERE ARE SIGNS OF RELATIVE STABILITY. DESPITE HEAVY DAMAGE TO SYRIA'S ECONOMIC INFRASTRUCTURE, REPORTEDLY ESTIMATED BY SYRIANS AT ABOUT \$400 MILLION, SYRIAN MORALE REMAINS HIGH AND COUNTRY'S DETERMINATION TO REBUILD HAS NOT WAVERED. MAJOR OIL INSTALLATIONS INCLUDING HOMS REFINERY AND OIL EXPORT TERMINALS IN TARTUS AND BANYAS HAVE BEEN DESTROYED OR HEAVILY DAMAGED. SOME PORT FACILITIES, ROADS, RAILROADS AND MAJOR ELECTRICAL GENERATING FACILITIES HAVE BEEN BADLY DAMAGED. AT LEAST 5,000 WORKERS ARE OUT OF WORK AS RESULT OF DESTRUCTION OF FACTORIES AND LACK OF ELECTRICITY AND FUEL FOR FACTORIES. INSTEAD OF ECONOMIC COLLAPSE AND CHAOS, THERE IS GENERAL CONVICTION THIS IS PART OF PRICE TO PAY FOR REGAINING "USURPED ARAB RIGHTS". RATHER THAN RESIGNATION IN FACE HEAVY DAMAGE, RECONSTRUCTION IS ALREADY UNDERWAY. FUNDS FOR RECONSTRUCTION, FAR OUTSTRIPPING SYRIA'S LOSSES AND ROUGHLY ESTIMATED AT ABOUT TWO BILLION DOLLARS ARE SAID BY SOME TO HAVE ALREADY BEEN GIVEN OR PLEDGED, WITH LION'S SHARE COMING FROM ARAB OIL RULERS SUCH AS SHAIKH ZAYID OF UAE AND KING FAYSAL OF SAUDI ARABIA. OTHER GOVERNMENTS AND INDIVIDUALS, INCLUDING GOL AND PRIVATE ORGANIZATIONS IN LEBANON, HAVE ALSO CONTRIBUTED. THIS FINANCIAL ASSURANCE HAS GIVEN SARG CONFIDENCE AND ABILITY TO DEAL WITH RECONSTRUCTION AND PEACE TALKS WITHOUT FINANCIAL WORRIES AND DELAYS.

4. IT INTERESTING TO NOTE ALSO THAT DURING WAR AND SINCE, FOOD SUPPLIES AND FOOD DISTRIBUTION SYSTEM WERE NOT SERIOUSLY AFFECTED AND PEOPLE HAVE NOT SUFFERED SHORTAGES OF ESSENTIAL MATEIALS, EXCEPT FUELS. THIS IS ANOTHER INDICATION OF REGIME'S ABILITY TO INSURE AVAILABILITY OF FOOD SUPPLIES IN MARKET PLACE.

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5. IN DISCUSSING SITUATION IN SYRIA WITH EMBOFF ON NOV 1, HEAD OF USINT DAMASCUS SAID THAT IN VIEW OF UNHAPPINESS WITH CEASE-FIRE, ASSAD HAS ABOUT FOUR MONTHS TO PRODUCE SOME VISIBLE RESULTS. OTHERWISE, ASSAD WOULD EITHER BE REPLACED OR, MORE LIKELY, OBLIGED TO RESUME WAR. DESTRUCTION OF ECONOMY WILL, IN OPINION USINT ADD TO POPULAR PRESSURE FOR RESUMING WAR IN ABSENCE VISIBLE RESULTS. IT WILL TAKE AT LEAST ONE YEAR, IN HIS OPINION, BEFORE MONEY FROM OTHER ARAB STATES FOR RECONSTRUCTION LIKELY TO FLOW IN LARGE ENOUGH AMOUNTS INTO HANDS OF SYRIAN PEOPLE WHOSE LIVELIHOOD BADLY HURT BY WAR. HOWEVER, HEAD OF USINT AGREES THAT AT PRESENT ASSAD POLITICALLY ABLE AND APPARENTLY DETERMINED RESPECT CEASE-FIRE AND PARTICIPATE IN PEACE TALKS (ALTHOUGH NOT IN DIRECT, BILATERAL NEGOTIATIONS AND PERHAPS NOT IN INITIAL

STAGES) WITH ISRAEL. MAJOR PROBLEM WILL OF COURSE BE TERRITORY,
SINCE SYRIANS WILL NEVER AGREE TO SURRENDER
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